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SUBJECT: NATIONAL ASSEMBLY MEETING; RAUL'S SPEECH HOLD NO  
SURPRISES

Classified By: COM Jonathan Farrar for reasons 1.4 (b) and (d)

¶1. (C) The Cuban National Assembly concluded its second 48-hour session on December 27 with a speech by President Raul Castro. In spite of the auspicious timing just days before the 50th anniversary of the Cuban revolution on January 1, the National Assembly session and Raul's speech were hardly affairs to remember.

¶2. (C) The communist party daily Granma summed up the key successes of the "heroic" National Assembly, which succeeded in passing a social security reform package announced earlier in the year, in officially naming 2009 the year of the 50th anniversary of the revolution, in accepting a committee report on the state of the Cuban economy at the end of 2008, and an economic plan for 2009 that offers no significant changes. While trumpeted as a grand triumph of Cuban democracy because the social security reform had been "debated" at the local level throughout the country, we have seen no evidence that it was any different than the original Government of Cuba (GOC) proposal. As Raul noted later in his speech, the measure does address Cuba's serious demographic problems by extending the retirement age by five years, thus delaying the impact of providing social services given the island's aging workforce. From a public policy standpoint the reform would make sense, but would have a major impact only if the rest of the Cuban economy were closer to normal. In the current atmosphere, it seems more like arbitrary penny-pinching.

¶3. (C) Raul Castro's closing speech offered little hope for Cubans expecting change in the near future. He scored points for honesty by reviewing the very serious economic problems facing the country (septel), but his usual solutions of discipline and hard work were hardly inspiring. After a brief mention of the world financial crisis, Raul placed most of the blame for Cuba's bleak financial condition on the unprecedented damage caused by hurricanes this year. Notably, however, and unlike many of the lower level presentations during the National Assembly session, Raul did not dwell on the United States or the embargo as the sources of all of Cuba's difficulties. Aside from the obligatory mention of the five Cuban "heroes," the United States did not figure prominently in his address.

¶4. (C) Perhaps the most important initiative announced by Raul was the plan to establish a "Contraloria" (Comptroller) in Cuba to supervise the efficient management of resources. While common in most other countries in Latin America, an autonomous Contraloria, similar to the U.S. Government Accountability Office, would be a significant change in governing practice here. Earlier in 2008 Raul had focused on ending "absurd prohibitions," a statement that led to the end

of prohibitions on the ownership of cell phones and other electronics, and permitted Cubans to stay in hotels formerly off limits to them. In this speech he discussed ending "absurd gratuities and subsidies." He said that in 2008 the GOC spent USD 60 million sending workers on all-expense paid holidays to Varadero beach and other resorts, and that these practices would have to end. That announcement was most likely not well received among the nomenklatura and senior state enterprise managers who usually benefited from such perks, but many ordinary Cubans who have no chance to get these sorts of benefits probably applauded his move. Likewise, while the economic committee chairs were calling for stricter enforcement of vagrancy laws to deal with the unemployed, Raul called for (unspecified) changes in policy to provide greater incentives to work.

¶5. (C) COMMENT: There was little to inspire in Raul's speech. Any hope for change that may have arisen after Raul's first major speech on July 26, 2007 was only further dampened following Raul's latest effort to downplay expectations. There was no anticipation among Cubans we speak to that any major initiatives would be announced, and they were not disappointed. Cubans seem to have lost the ability to hope for changes coming from this government. Preparations are now underway for celebration of the 50th anniversary of the revolution, but they too appear decidedly low key. Instead, almost all in Cuba, in civil society and government alike, are focused on January 20 and the U.S. presidential inauguration as the most likely source of change for Cuba.

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